

CREDIT AGREEMENT

This Agreement dated as of [____], 2006, is between Bank of America, N.A. (the "Bank") and the Redevelopment Agency of the City of San Diego, a public body corporate and politic (the "Borrower").

1. LINE OF CREDIT; AMOUNT AND TERMS

1.1 Line of Credit.

(a) During the availability period described below, the Bank will provide a line of credit (the "Line of Credit") to the Borrower. The amount of the Line of Credit ("Commitment") is an aggregate amount of Ten Million Dollars (\$10,000,000.00), comprised of a tax-exempt commitment of Seven Million Five Hundred Thirty Four Thousand Three Hundred Thirty Seven Dollars (\$7,534,337.00) (the "Tax-Exempt Commitment") and a taxable commitment of Two Million Four Hundred Sixty Five Thousand Six Hundred Sixty Three Dollars (\$2,465,663.00) (the "Taxable Commitment").

(b) This is a non-revolving Line of Credit solely to refinance the North Park Theatre, to pay sums in settlement of eminent domain actions relating to the North Park Redevelopment Area and for other redevelopment activities in the North Park Redevelopment Area (the "Project"). During the availability period, Borrower may not reborrow principal amounts repaid.

(c) Each advance of the Commitment (each an "Advance") shall be subject to all of the conditions set forth in Section 6. Advances of the Tax-Exempt Commitment are referred to as "Tax-Exempt Advances," and Advances of the Taxable Commitment are referred to as "Taxable Advances."

1.2 Availability Period. The Line of Credit is available between the date of this Agreement and [October 1, 2008,] or such earlier date as the availability may terminate as provided in this Agreement (the "Expiration Date").

1.3 Optional Interest Rate.

(a) Instead of the interest rates based on the LIBOR Rate as described in Section 1.4 below, the Borrower may elect to have any Advance bear interest at a rate based on the Bank's Prime Rate. Tax-Exempt Advances would bear interest at the Bank's Prime Rate, and Taxable Advances would bear interest at the Bank's Prime Rate.

(b) The Prime Rate is the rate of interest publicly announced from time to time by the Bank as its Prime Rate. The Prime Rate is set by the Bank based on various factors, including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank's Prime Rate.

1.4 Interest Rates.

(a) Tax-Exempt Advances. Unless the Borrower elects the Bank's Prime Rate as described in Section 1.3, the interest rate with respect to Tax-Exempt Advances is a rate per year equal to (i) 62.347% of the LIBOR Rate plus (ii) .90% during interest periods agreed to by the Bank and the Borrower.

(b) Taxable Advances. Unless the Borrower elects the Bank's Prime Rate as described in Section 1.3, the interest rate with respect to Taxable Advances is a rate per year equal to the LIBOR Rate plus 1.20% during interest periods agreed to by the Bank and the Borrower.

(c) Portions. The LIBOR-based interest rate shall be subject to the terms and conditions described later in this Agreement. Any principal amount bearing interest at the LIBOR-based interest is referred to as a "Portion."

1.5 Repayment Terms.

(a) The Borrower will pay interest on January 1, 2007 and quarterly thereafter; provided, that with respect to Portions, the Borrower will pay interest on the final day of the interest period for each Portion with an interest period of less than 90 days, and if the interest period applicable to any Portion is 90 days or more, the Borrower shall pay interest quarterly and on the final day of the applicable interest period. In all cases, interest shall be paid on all outstanding amounts until payment in full of any principal outstanding under the Line of Credit.

(b) The Borrower will repay in full all remaining principal and any unpaid interest or other charges outstanding under the Line of Credit no later than the Expiration Date (the "Maturity Date"). Any interest period for an LIBOR-based interest (as described below) shall expire no later than the Maturity Date.

1.6 Mandatory Prepayments. The Borrower shall prepay the Line of Credit in full upon the issuance of any bonds, notes or other obligations for the North Park Project Area, except debt or other obligations issued by the Borrower for redevelopment projects outside of the North Park Project Area that are not secured by any portion of the Pledged Revenues.

2. LIBOR-BASED INTEREST RATE

2.1 LIBOR-Based Rate. The LIBOR-based interest rate is a rate per year. Interest will be paid as provided in Section 1.5. At the end of any interest period, the Borrower shall be deemed to have elected for the Portion a new interest rate based on the same LIBOR-based interest program for a one-month period, unless the Borrower provides different instructions to Lender. No Portion will be converted to a different interest rate during the applicable interest period. Upon the occurrence of an event of default under this Agreement, the Bank may terminate the availability of the LIBOR-based interest rate for interest periods commencing after the default occurs.

2.2 LIBOR Rate. The election of LIBOR Rates shall be subject to the following terms and requirements:

(a) The interest period during which the LIBOR Rate will be in effect will be one, three, six, nine or twelve months. The first day of the interest period must be a day other than a Saturday or a Sunday on which the Bank is open for business in New York and London and dealing in offshore dollars (a "LIBOR Banking Day"). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

(b) Each LIBOR Rate Portion will be for an amount not less than Five Hundred Thousand Dollars (\$500,000).

(c) The "LIBOR Rate" means the interest rate determined by the following formula, rounded upward to the nearest 1/100 of one percent. (All amounts in the calculation will be determined by the Bank as of the first day of the interest period.)

$$\text{LIBOR Rate} = \frac{\text{London Inter-Bank Offered Rate}}{(1.00 - \text{Reserve Percentage})}$$

Where,

(i) "London Inter-Bank Offered Rate" means the average per annum interest rate at which U.S. dollar deposits would be offered for the applicable interest period by major banks in the London inter-bank market, as shown on the Telerate Page 3750 (or any successor page) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period. If such rate does not appear on the Telerate Page 3750 (or any successor page), the rate for that interest period will be determined by such alternate method as reasonably selected by Bank. A "London Banking Day" is a day on which the Bank's London Banking Center is open for business and dealing in offshore dollars.

(ii) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.

(d) The Borrower shall irrevocably request a LIBOR Rate Portion no later than 12:00 noon Los Angeles time on the LIBOR Banking Day preceding the day on which the London Inter-Bank Offered Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least three days before the LIBOR Rate takes effect.

(e) LIBOR Rate Portions may only be prepaid on the last day of the applicable LIBOR Rate Portion. Each prepayment of a LIBOR Rate Portion, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement.

(f) The Bank will have no obligation to accept an election for a LIBOR Rate Portion if any of the following described events has occurred and is continuing:

(i) Dollar deposits in the principal amount, and for periods equal to the interest period, of a LIBOR Rate Portion are not available in the London inter-bank market; or

(ii) The LIBOR Rate does not accurately reflect the cost of a LIBOR Rate Portion.

3. FEES AND EXPENSES

3.1 Fees.

(a) Unused Commitment Fee. During the availability period described in Section 1.2, the Borrower shall pay an annual fee on any difference between the amount of the Commitment and the aggregate amount of credit it actually uses, determined by the average of the daily amount of credit outstanding during the specified period, calculated at .45% per annum. Such fee shall be payable quarterly in arrears commencing on January 1, 2007 with the final payment due on the Expiration Date.

(b) Waiver Fee. If the Bank, at its discretion, agrees to waive or amend any terms of this Agreement, the Borrower will, at the Bank's option, pay the Bank a fee for each waiver or amendment in an amount advised by the Bank at the time the Borrower requests the waiver or amendment. Nothing in this paragraph shall imply that the Bank is obligated to agree to any waiver or amendment requested by the Borrower. The Bank may impose additional requirements as a condition to any waiver or amendment.

(c) Late Fee. To the extent permitted by law, the Borrower agrees to pay a late fee in an amount not to exceed four percent (4%) of any payment that is more than five (5) days late. The imposition and payment of a late fee shall not constitute a waiver of the Bank's rights with respect to the default.

3.2 Ongoing Expenses. The Borrower agrees to reimburse the Bank in respect of all reasonable out-of-pocket costs, charges and expenses (including reasonable attorneys' fees) arising in connection with the administration of this Agreement and enforcement of, preservation of rights in connection with a workout, restructuring or default under the Agreement or any amendment or waiver with respect to this Agreement.

3.3 Reimbursement of Closing Costs. The Borrower agrees to reimburse the Bank for any expenses it incurs in the preparation and closing of this Agreement and any agreement or instrument required by this Agreement. Expenses include, but are not limited to, reasonable attorneys' fees, including any allocated costs of the Bank's in-house counsel, and any stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and any other documents or instruments required by this Agreement.

4. SECURITY FOR THE LINE OF CREDIT

4.1 Pledge of Revenues The Borrower hereby pledges and grants a security interest in and to all of the Pledged Revenues (as defined in Section 4.2 hereof), subordinate only to the pledge of the Pledged Revenues to the repayment of (i) the Borrower's \$7,000,000 aggregate principal amount North Park Redevelopment Project Tax Allocation Bonds, Series 2000 (the "2000 North Park Bonds") issued pursuant to that certain Trust Indenture dated as of October 1, 2000 (the "2000 Trust Indenture") by and between the Borrower and Wells Fargo Bank, National Association, as trustee; and (ii) the Borrower's North Park Redevelopment Project 2003 Tax Allocation Bonds Series A (Taxable) in the aggregate principal amount of \$7,145,000 and Series B (Tax-Exempt) in the aggregate principal amount of \$5,360,000 (collectively, the "2003 North Park Bonds" and together with the 2000 North Park Bonds, referred to as the "North Park Bonds") issued pursuant to a First Supplemental Indenture of Trust dated as of December 1, 2003 (the "2003 Supplemental Indenture" and together with the 2000 Trust Indenture, referred to as the "North Park Bonds Trust Indenture") between the Borrower and Wells Fargo Bank, National Association, as trustee. The Borrower shall allocate Pledged Revenues FIRST to the payment of the principal and interest with respect to the North Park Bonds pursuant to the terms and provisions of the North Park Bonds Trust Indenture, SECOND to the payment of the principal and interest with respect to the Line of Credit and, THIRD, only after principal, premium, if any, and interest then due with respect to the North Park Bonds pursuant to the terms and provisions of the North Park Bonds Trust Indenture and the Line of Credit have been paid, then to the payment of administrative expenses and other obligations of the Borrower. The subordinate pledge and allocation of Pledged Revenues hereunder is for the exclusive benefit of the Bank and shall be irrevocable until all principal, interest and other sums owed by the Borrower to the Bank have been paid in full.

4.2 Pledged Revenues For purposes of this Agreement, the term "Pledged Revenues" means Tax Revenues (as defined in the North Park Bonds Trust Indenture) but excluding therefrom Housing Tax Revenues (as defined in the North Park Bonds Trust Indenture).

"Tax Revenues" is defined in the North Park Bonds Trust Indenture to mean "that portion of taxes levied (including all payments, reimbursements and subventions paid by the State, if any, specifically attributable to ad valorem taxes lost by reason of business inventory tax or other exemptions and tax rate limitations) upon taxable property in the Redevelopment Project Area which is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Law, Section 16 of Article XVI of the Constitution of the State of California and the Redevelopment Plan."

"Housing Tax Revenues" is defined in the North Park Bonds Trust Indenture to mean "those Tax Revenues which are required to be deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law."

Borrower covenants that it will not consent to any modification of the terms "Tax Revenues" or "Housing Tax Revenues" in the North Park Bonds Trust Indenture without the prior written consent of the Bank.

5. DISBURSEMENTS, PAYMENTS AND COSTS

5.1 Disbursements and Payments.

(a) Each payment by the Borrower will be made at the Bank's banking center (or other location) selected by the Bank from time to time; and will be made in immediately available funds, or such other type of funds selected by the Bank.

(b) Each request for an Advance shall be made in writing in the form of the requisition attached hereto as Exhibit "A" (an "Advance Request") signed by an individual identified in a certificate delivered to the Bank specifying the authorized representatives of the Borrower (each an "Authorized Representative"). Each disbursement by the Bank and each payment by the Borrower will be evidenced by records kept by the Bank. In addition, the Bank may, if required by any statute or regulation applicable to all national banks or a class of all national banks, require the Borrower to sign one or more promissory notes with terms consistent with this Agreement.

5.2 Telephone and Telefax Authorization for LIBOR-Based Portions

(a) In connection with the expiration of any LIBOR-based Portion and the selection by the Borrower of the interest rate that will apply to such Portion following expiration, the Bank may honor telephone or telefax instructions for the designation of LIBOR-based Portions given, or purported to be given, by an Authorized Representative, or any other individual designated by any one of such authorized signers. Each request shall be confirmed in writing and shall confirm the information for the Advance required by Section 5.2(b).

(b) Any request for an Advance, including the initial Advance under this Agreement, received by Noon on a business day will be funded by the Bank by 11:00 a.m. on (i) the third Business Day thereafter if such advance will bear interest at the LIBOR Rate or (ii) on the next succeeding Business Day if such advance will bear interest at the Prime Rate. Each Advance Request given pursuant to Section 5.1 and each instruction regarding the rollover of LIBOR-based Portions must include the Borrower's election of the interest rate to apply to such Advance or LIBOR-based Portion, but if no election is made, the Advance or LIBOR-based Portion will bear interest at a rate based on the Prime Rate until another interest rate election is made by the Borrower. If the Borrower selects an interest rate based on the LIBOR Rate, the request for Advance must be made no later than the date the Borrower must make its interest rate election under Section 2.2(d).

(c) Advances will be deposited in the account designated to the Bank by the Borrower in writing.

(d) The Borrower will indemnify and hold the Bank harmless from all liability, loss, and costs in connection with any act resulting from telephone or telefax instructions the Bank reasonably believes are made by any individual authorized by the Borrower to give such instructions. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.

5.3 Banking Days. Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on

which dealings in dollar deposits are conducted among banks in the offshore dollar interbank market. All payments and disbursements which would be due on a day which is not a banking day will be due on the next banking day. All payments received on a day which is not a banking day will be applied to the credit on the next banking day.

5.4 Taxes.

(a) Taxes. Any and all payment to the Bank by the Borrower hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.4), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Borrower shall make any payment under this Section 5.4 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the Borrower an amount equal to the amount by which such other taxes are actually reduced; provided that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Borrower with respect to such Taxes. In addition, the Borrower agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of New York from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as "Other Taxes"). The Bank shall provide to the Borrower within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the Borrower to the Bank hereunder provided that the Bank's failure to send such notice shall not relieve the Borrower of its obligation to pay such amounts hereunder.

(b) Indemnity. The Borrower shall, to the fullest extent permitted by law, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 5.4 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; provided that the Borrower shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the Borrower of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; provided that

the Bank's failure to notify the Borrower promptly of such assertion shall not relieve the Borrower of its obligation under this Section 5.4. Payments by the Borrower pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand thereof. The Bank agrees to repay to the Borrower any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Borrower pursuant to this Section 5.4 received by the Bank for Taxes or Other Taxes that were paid by the Borrower pursuant to this Section 5.4 and to contest, with the cooperation and at the expense of the Borrower, any such Taxes or Other Taxes which the Bank or the Borrower reasonably believes not to have been properly assessed.

(c) Notice. Within thirty (30) days after the date of any payment of Taxes by the Borrower, the Borrower shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) Survival of Obligations. The obligations of the Borrower under this Section 5.4 shall survive the termination of this Agreement.

5.5 Additional Costs

(a) If the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by any court, central bank or other administrative or governmental authority (in each case, whether or not having the force of law), or compliance by the Bank with any request or directive of any such court, central bank or other administrative or governmental authority (whether or not having the force of law), shall (A) change the basis of taxation of payments to the Bank of any amounts payable hereunder (except for taxes on the overall net income of the Bank), (B) impose, modify or deem applicable any reserve, special deposit or similar requirement against making or maintaining its obligations under this Agreement or assets held by, or deposit with or for the account of, the Bank or (C) impose on the Bank any other condition regarding this Agreement, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the Bank of making or maintaining its obligations hereunder, or to reduce the amount of any sum received or receivable by the Bank hereunder, then, the Borrower shall pay to the Bank, at such time and in such amount as is set forth in paragraph (c) of this Section 5.5, such additional amount or amounts as will compensate the Bank for such increased costs or reductions in amount.

(b) If the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof, by, any court, central bank or other administrative or governmental authority, or compliance by the Bank with any directive of or compliance by the Bank with any directive of or guidance from any central bank or other authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank allocates capital resources to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital to be maintained by the Bank or (B) reduces or would reduce the rate of return on the Bank's capital to a level below that which the Bank could have achieved but for such

circumstances (taking into consideration the Bank's policies with respect to capital adequacy) then, the Borrower shall pay to the Bank, at such time and in such amount as is set forth in paragraph (c) of this Section, such additional amount or amounts as will compensate the Bank for such cost of maintaining such increased capital or such reduction the rate of return on the Bank's capital.

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due thirty (30) days following the Borrower's receipt of notice thereof and shall be payable, in full, on the next succeeding quarterly payment date that the fee described in Section 3.1(b) is due and payable. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date when the payments were first due and shall otherwise be payable in accordance with Section 1.6 hereof; provided, that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Borrower and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate. Notwithstanding anything contained in paragraphs (a) or (b) of this Section, above, the Borrower shall have no liability to the Bank for any increased costs, increased capital or reduction in return to the extent incurred by the Bank more than sixty (60) days prior to the date the above-described certificate is given to the Borrower.

5.6 Interest Calculation. Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This calculation results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

5.7 Default Rate.

(a) Borrower Defaults. Upon the occurrence of any default under this Agreement other than a default under Section 9.3 ("Bankruptcy"), principal amounts outstanding under this Agreement will at the option of the Bank bear interest at a rate which is 1.0 percentage point(s) higher than the rate of interest otherwise provided under this Agreement. Upon the occurrence of a default under Section 9.3 ("Bankruptcy"), principal amounts outstanding under this Agreement will at the option of the Bank bear interest at a rate which is 1.5 percentage point(s) higher than the rate of interest otherwise provided under this Agreement.

(b) If the City of San Diego (the "City") files a bankruptcy petition, a bankruptcy petition is filed against the City or the City makes a general assignment for the benefit of creditors and, in the case of a bankruptcy petition filed against the City, such petition is not dismissed within a period of 60 days after the filing (provided that such cure opportunity will be terminated upon the entry of an order for relief in any bankruptcy case arising from such a petition), principal amounts outstanding under this Agreement will at the option of the Bank bear interest at a rate which is 1.5 percentage point(s) higher than the rate of interest otherwise provided under this Agreement.

(c) The Bank's election to apply the default rates as provided in this Section 5.7 will not constitute a waiver of any default.

6. CONDITIONS

The Bank must receive the following items, in form and content acceptable to the Bank, before it is required to extend any credit to the Borrower under this Agreement:

6.1 Authorizations. Evidence that the execution, delivery and performance by the Borrower of this Agreement and any instrument or agreement required under this Agreement has been duly authorized.

6.2 Documents. Fully executed and, where required, acknowledged a copy of this Agreement.

6.3 Legal Opinion. A written opinion from the Borrower's legal counsel, covering such matters as the Bank may require, including without limitation an opinion that the Borrower is authorized under California law to enter into a loan agreement with a term greater than one year and that interest on the Loan is tax-exempt under Federal and State law. The legal counsel and the terms of the opinion must be acceptable to the Bank.

6.4 Payment of Fees. Payment of all accrued and unpaid expenses incurred by the Bank as required by Section 3.3 entitled "Reimbursement of Closing Costs."

6.5 Resolution of Board of Directors. Copies of resolutions of the Board of Directors of the Borrower, certified as of the execution date by the Secretary of the Board, authorizing, among other things, the execution, delivery and performance by the Borrower of this Agreement.

6.6 Authority; Incumbency. A certificate of an authorized representative of the Borrower dated the execution date certifying as to the authority, incumbency and specimen signatures of the representative of the Borrower authorized to sign this Agreement and any other documents to be delivered by it hereunder and who will be authorized to represent the Borrower in connection with this Agreement, upon which the Bank may rely until it receives a new such certificate.

6.7 City Council Resolution and Governmental Approvals. Copies of resolutions of the City Council of the City of San Diego approving this Agreement and, except for state "blue sky" laws, true and correct copies of any and all governmental approvals necessary for the Borrower to enter into this Agreement and such approvals necessary at the Closing Date for the transactions contemplated thereby and hereby, or if no governmental approvals are required, a certificate of an Authorized Representative of the Borrower to the effect that no such approvals are necessary.

7. REPRESENTATIONS AND WARRANTIES

When the Borrower signs this Agreement, and until the Bank is repaid in full, the Borrower makes the following representations and warranties. Each request for an Advance constitutes a renewal of these representations and warranties as of the date of the request:

7.1 Legal Status. Borrower is a redevelopment agency and public body corporate and politic, duly and validly created under Part 1 of Division 24 of the California Health and Safety Code (the "Law") and has all requisite power and authority to carry on its business as now conducted.

7.2 Authorization. This Agreement, and any instrument or agreement required hereunder, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

7.3 Business Operations. The Borrower has all powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

7.4 Approvals. No further approval, authorization, consent, order, notice to or filing or registration with any governmental authority or any public board or body (other than in connection or in compliance with the provisions of the securities or "blue sky" laws of any jurisdiction which were not required on or prior to the Closing Date) is legally required with respect to the Borrower's obligations under this Agreement.

7.5 Disclosure of Information. The statements and information provided to the Bank in connection with this Agreement or contained in any disclosure issued in connection with the issuance of any bonds or other obligations issued by the Borrower which relate to the Borrower are true, correct and complete in all material respects and as to such statements, do not omit any statement or information necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

The Bank acknowledges that the City is subject to numerous investigations involving disclosures related to the funding of its retirement system. On January 27, 2004 and March 12, 2004, the City made several voluntary disclosure filings with the Nationally Recognized Municipal Securities Information Repositories. These filings disclosed, among other things, errors in the notes to the City's audited financial statements for Fiscal Year 2002. Subsequent to these voluntary disclosure filings, the City retained the accounting firm of KPMG LLP to perform a full scope audit and render an opinion on the City's financial statements for Fiscal Year 2003. The City has retained the accounting firm of Macias, Gini & Company LLP to render opinions on the City's financial statements for Fiscal Years 2004 and 2005. In addition, the Securities and Exchange Commission, the Department of Justice and others are investigating the City's disclosure practices with respect to the City's financial statements and securities offering documents. The City has not released audited financial statements for Fiscal Years 2003, 2004 and 2005 because of the ongoing audit and investigations. The Agency's audited financial statements are included with the City's audited financial statements in the Comprehensive Annual Financial Report of the City. Thus, the Agency's audited financial statements for Fiscal Years 2003, 2004 and 2005 are not available. On September 20, 2004, Standard & Poor's Ratings Services ("S&P") suspended its ratings and underlying ratings on the City's general obligation bonds. In addition, S&P suspended its underlying ratings on all of the City's general fund*backed lease obligations, water and sewer revenue bonds, short-term notes, and other outstanding bonds of the City. S&P's ratings for the Agency's obligations were also suspended

on September 20, 2004. Moody's Investors Service and Fitch, Inc. have not taken similar action with respect to the outstanding debt obligations of the City and the Centre City Project. The Agency cannot predict when its audited financial statements for Fiscal Years 2003, 2004 and 2005 will be available. Further, the Agency cannot predict whether its audited financial statements for future years will be delayed as a result of the ongoing audits and investigations relating to the City's financial statements.

7.6 Enforceable Agreement. Subject to fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against redevelopment agencies in the State of California, this Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable.

7.7 No Conflicts. This Agreement does not conflict with any law, agreement, or obligation by which the Borrower is bound.

7.8 Financial Information. All financial and other information that has been or will be supplied to the Bank is sufficiently complete to give the Bank accurate knowledge of the Borrower's financial condition, including all material contingent liabilities. The Bank has not received audited financial statements for the fiscal years ended June 30, 2003, 2004, 2005 or 2006, but has received the report of the City's fiscal consultant. Since the date of the fiscal consultant's report provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Borrower.

7.9 Lawsuits. There is no lawsuit, tax claim or other dispute pending or threatened against the Borrower which, if lost, would impair the Borrower's financial condition or ability to repay the loan, except as have been disclosed in writing to the Bank.

7.10 Other Obligations. The Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as have been disclosed in writing to the Bank.

7.11 No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a default under this Agreement.

7.12 Location of Borrower. The Borrower's place of business (or, if the Borrower has more than one place of business, its chief executive office) is located at the address listed under the Borrower's signature on this Agreement.

7.13 Changes in Law. To the best of the Borrower's knowledge, there is not pending any change of law, which, if enacted or adopted, could have a material adverse effect on the Borrower's ability to perform its obligations under this Agreement.

7.14 Immunity from Jurisdiction. Borrower is not entitled under California law to claim immunity on sovereign or other similar grounds with respect to itself in relation to this Agreement or its revenues or assets (irrespective of their use or intended use) in relation to this Agreement from (i) suit, (ii) jurisdiction of any court, or (iii) relief by way of injunction, order for specific performance or order for recovery of property; provided, that no representation is made with respect to the waiver of immunity under the XI Amendment of the United States

Constitution; and provided further, that any claim made hereunder shall be made in accordance with and pursuant to the procedures provided by the laws of the State of California.

7.15 Redevelopment Plan. The Redevelopment Plan has been duly authorized and adopted by the Borrower, remains in full force and effect and, except as disclosed to the Bank in writing, has not been amended, superseded or replaced.

8. COVENANTS

The Borrower agrees, so long as credit is available under this Agreement and until the Bank is repaid in full:

8.1 Use of Proceeds. To use the proceeds of the Line of Credit only for the purposes permitted by Section 1.1.

8.2 Financial Information. To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as requested by the Bank from time to time:

(a) Within 180 days following the end of each of the Borrower's fiscal years, commencing after the end of the 2005-2006 fiscal year, the annual statement of tax increment revenue of the Borrower for the just ended fiscal year, certified and dated by an authorized financial officer of the Borrower.

(b) Within 90 days prior to the end of each of Borrower's fiscal years, commencing with the 2006-2007 fiscal year, the estimated annual statement of tax increment revenue of the Borrower for such fiscal year, certified and dated by an authorized financial officer of the Borrower.

(c) Within the period(s) provided in (a) above, a compliance certificate of the Borrower signed by an authorized financial officer of the Borrower setting forth whether to best of such officer's knowledge there existed as of the date of such statements and whether there exists as of the date of the certificate, any default under this Agreement and, if any such default exists, specifying the nature thereof and the action the Borrower is taking and proposes to take with respect thereto.

(d) The Borrower shall give prompt notice in writing to the Bank of any litigation, administrative proceeding or business development which may materially adversely affect its business, properties or affairs or the ability of the Borrower to perform its obligations as set forth hereunder or under this Agreement, and shall in all events give prompt notice of any such litigation or proceeding involving a claim in excess of \$1,000,000.

(e) As soon as possible, when available, the annual financial statements of Borrower and the City for the fiscal years ended June 30, 2003, June 30, 2004, June 30, 2005, June 30, 2006 and June 30, 2007, in each case certified and dated by an authorized financial officer of the Borrower audited (with an opinion reasonably acceptable to Bank) by a certified public accountant reasonably acceptable to the Bank, together with the opinion or management letter or letters accompanying such financial statements.

(f) Such other information regarding the business, affairs and condition of the Borrower as the Bank may from time to time reasonably request.

8.3 Books and Records. To maintain adequate books and records.

8.4 Inspection Rights. The Borrower shall, at any reasonable time and from time to time, upon reasonable notice, permit the Bank or any agents or representatives thereof, at the Bank's expense, to examine and make copies of the records and books of account related to the transactions contemplated by this Agreement, to visit its properties and to discuss its affairs, finances and accounts with any of its officers and independent accountants. The Borrower will not unreasonably withhold its authorization for its independent accountants to discuss its affairs, finances and accounts with the Bank.

8.5 Compliance with Laws. To comply with the laws, regulations and orders of any government body with authority over the Borrower's business or activities.

8.6 Maintenance of Approvals, Etc. The Borrower shall at all times maintain in effect, renew and comply with all the terms and conditions of all approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement.

8.7 Cooperation. To take any action reasonably requested by the Bank to carry out the intent of this Agreement.

8.8 Payment of Obligations. The Borrower will pay and discharge all of its obligations and liabilities when due.

8.9 Additional Debt; Against Encumbrances. Without the prior written consent of the Bank, the Borrower shall not incur any additional direct or contingent liabilities or lease obligations related to the Pledged Revenues (other than the obligations of the Borrower to the Bank under this Agreement and the North Park Bonds). The Borrower covenants and agrees that it will not issue any other obligations payable, as to either principal or interest, from the Pledged Revenues which have, or purport to have, any lien upon the Pledged Revenues superior to or on a parity with the lien securing the Line of Credit; provided, however, that nothing in this Agreement shall prevent the Borrower from issuing and selling pursuant to law refunding bonds or other refunding obligations payable from and having a lien on a parity basis with the Line of Credit on the Pledged Revenues if such refunding bonds or other refunding obligations are issued and are sufficient for the purpose of refunding the entire outstanding balance of the Line of Credit.

8.10 Payments of Taxes and Other Charges. The Borrower will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Borrower or the properties then owned by the Borrower in the North Park Project Area, or upon the revenues therefrom, when the same shall become due. Nothing contained in this Agreement shall require the Borrower to make any such payment so long as the Borrower in good faith shall contest the validity of said taxes, assessments or charges. The Borrower will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Plan, the projects undertaken pursuant to the Redevelopment Plan (collectively, the "Redevelopment Project") or any part thereof.

8.11 Taxation of Leased Property. Whenever any property in the North Park Project Area has been redeveloped and thereafter is leased by the Borrower to any person or persons, or whenever the Borrower leases real property in the North Park Project Area to any person or persons for redevelopment, the Borrower will provide San Diego County with the information and cooperation needed to establish a possessory interest in property leased by the Borrower.

8.12 Tax Revenues. The Borrower shall comply with all requirements of the Law to ensure the allocation and payment to it of the Pledged Tax Revenues including, without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of the County of San Diego.

8.13 Amendment of Redevelopment Plan. The Borrower shall not amend the Redevelopment Plan, or enter into any agreement with the County of San Diego or any other governmental unit, which would have the effect of materially reducing the amount of Pledged Tax Revenues available to the Borrower for payment of the principal and interest with respect to the Line of Credit.

9. DEFAULT

If any of the following events occurs, the Bank may do one or more of the following: declare the Borrower in default, stop making any Advances available to the Borrower, and require the Borrower to repay its entire debt immediately and without prior notice. If an event of default occurs under the paragraph entitled "Bankruptcy," below, with respect to the Borrower, then the entire debt outstanding under this Agreement will automatically be due immediately.

9.1 Failure to Pay. Any principal or interest owed to the Bank under this Agreement shall not be paid when due and shall remain unpaid for five (5) business days after written notice of such failure has been given to the Borrower, or the Borrower fails to pay any amount owing under Section 3.1 within fifteen (15) after the date when due.

9.2 False Information. Any representation or warranty made by or on behalf of the Borrower under this Agreement or in any certificate or statement delivered hereunder shall be incorrect or untrue in any material respect when made or deemed to have been made.

9.3 Bankruptcy. The Borrower files a bankruptcy petition, a bankruptcy petition is filed against the Borrower or the Borrower makes a general assignment for the benefit of creditors. The default will be deemed cured if any bankruptcy petition filed against the Borrower is dismissed within a period of 60 days after the filing; provided, however, that the Bank will not be obligated to extend any additional credit to the Borrower during that period; and provided further that such cure opportunity will be terminated upon the entry of an order for relief in any bankruptcy case arising from such a petition.

9.4 Receivers. A receiver or similar official is appointed for a substantial portion of the Borrower's business, or the business is terminated.

9.5 Judgments. Any judgments or arbitration awards are entered against the Borrower, or the Borrower enters into any settlement agreements with respect to any litigation or arbitration, in an aggregate amount of One Million Dollars (\$1,000,000) or more and any such

judgment or award shall not have been satisfied, stayed or bonded pending appeal within a period of sixty (60) days from the date it was first so rendered.

9.6 Material Adverse Change. A material adverse change occurs in Borrower's financial condition, properties or prospects, or ability to repay the Line of Credit.

9.7 Cross-default. Any default occurs under any agreement in connection with any other credit in excess of \$100,000 which Borrower has obtained from Bank, or which the City of San Diego or any of its departments (each an "Affiliate of Borrower") has obtained from Bank, or which Borrower or an Affiliate of Borrower has obtained from anyone else, or which Borrower has guaranteed.

9.8 Lien Priority. The Bank fails to have an enforceable pledge of Pledged Revenues as provided in Section 4.1, subject only to the pledge of Pledged Revenues to the repayment of the North Park Bonds, as described in Section 4.1.

9.9 Other Breach under Agreement. The Borrower fails to meet the conditions of, or fails to perform any obligation under, any term of this Agreement not specifically referred to in this Article. This includes any failure or anticipated failure by the Borrower to comply with any financial covenants set forth in this Agreement, whether such failure is evidenced by financial statements delivered to the Bank or is otherwise known to the Borrower. If, in the Bank's opinion, the breach is capable of being remedied, the breach will not be considered an event of default under this Agreement for a period of thirty (30) days after the date on which the Bank gives written notice of the breach to the Borrower; provided, however, that the Bank will not be obligated to extend any additional credit to the Borrower during that period.

10. ENFORCING THIS AGREEMENT; MISCELLANEOUS

10.1 GAAP. Except as otherwise stated in this Agreement, all financial information provided to the Bank and all financial covenants will be made under generally accepted accounting principles, consistently applied.

10.2 Successors and Assigns. This Agreement is binding on the Borrower's and the Bank's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or assign this loan, and may exchange financial information about the Borrower with actual or potential participants or assignees. If participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrower.

10.3 Arbitration and Waiver of Jury Trial.

(a) Any claim or controversy ("Claim") between the parties, whether arising in contract or tort or by statute including, but not limited to, Claims resulting from or relating to this Agreement shall, upon the request of either party, be resolved by binding arbitration in accordance with the California Code of Civil Procedure (CCP Section 1280 et seq.), including the provisions for discovery set forth in California Code of Civil Procedure Section 1283.05. Arbitration proceedings will be conducted in accordance with the applicable rules for the arbitration of disputes of JAMS or any successor thereof. The arbitration shall be conducted in California. The arbitration hearing shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement, and any award, which may include legal fees, shall be issued (with a brief written statement of the reasons therefor) within thirty (30) days of the close of

hearing. Any dispute concerning whether a claim is arbitrable or barred by the statute of limitations shall be determined by the arbitrator. This arbitration provision is not intended to limit the right of any party to exercise self-help remedies, to seek and obtain interim or provisional relief of any kind or to initiate judicial or non-judicial foreclosure against any real or personal property collateral. By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, if for any reason a Claim is not arbitrated, the parties irrevocably and voluntarily agree to waive any right to a trial by jury in respect of such Claim.

(b) The procedure described above will not apply if the Claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property. In this case, both the Borrower and the Bank must consent to submission of the Claim to arbitration. If both parties do not consent to arbitration, the Claim will be resolved as follows: The Borrower and the Bank will designate a referee (or a panel of referees) selected under the auspices of JAMS in the same manner as arbitrators are selected in JAMS administered proceedings. The designated referee(s) will be appointed by a court as provided in California Code of Civil Procedure Section 638 and the following related sections. The referee (or the presiding referee of the panel) will be an active attorney or a retired judge. The award that results from the decision of the referee(s) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645.

10.4 Arbitration and Waiver of Jury Trial.

(a) This paragraph concerns the resolution of any controversies or claims between the Borrower and the Bank, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any document related to this Agreement (collectively a "Claim").

(b) At the request of the Borrower or the Bank, any Claim shall be resolved by binding arbitration in accordance with the California Code of Civil Procedure (CCP Section 1280 et seq.) (the "Code").

(c) Arbitration proceedings will be determined in accordance with the Code, the applicable rules and procedures for the arbitration of disputes of JAMS or any successor thereof ("JAMS"), and the terms of this paragraph. In the event of any inconsistency, the terms of this paragraph shall control.

(d) The arbitration shall be administered by JAMS and conducted in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in California. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of

reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

(e) The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on JAMS under applicable JAMS rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Agreement.

(f) This paragraph does not limit the right of the Borrower or the Bank to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The procedure described above will not apply if the Claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property. In this case, both the Borrower and the Bank must consent to submission of the Claim to arbitration. If both parties do not consent to arbitration, the Claim will be resolved as follows: The Borrower and the Bank will designate a referee (or a panel of referees) selected under the auspices of JAMS in the same manner as arbitrators are selected in JAMS administered proceedings. The designated referee(s) will be appointed by a court as provided in California Code of Civil Procedure Section 638 and the following related sections. The referee (or the presiding referee of the panel) will be an active attorney or a retired judge. The award that results from the decision of the referee(s) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645.

(h) The filing of a court action is not intended to constitute a waiver of the right of the Borrower or the Bank, including the suing party, thereafter to require submittal of the Claim to arbitration.

(i) By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the parties entering into this Agreement.

10.5 Severability; Waivers. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. The Bank retains all rights, even if it makes a loan after default. If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

10.6 Attorneys' Fees. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs and reasonable attorneys' fees incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In

the event that any case is commenced by or against the Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, the Bank is entitled to recover costs and reasonable attorneys' fees incurred by the Bank related to the preservation, protection, or enforcement of any rights of the Bank in such a case. As used in this paragraph, "attorneys' fees" includes the allocated costs of the Bank's in-house counsel and the allocated costs of the Borrower's in-house counsel.

10.7 One Agreement. This Agreement and any related security or other agreements required by this Agreement, collectively:

- (a) represent the sum of the understandings and agreements between the Bank and the Borrower concerning this credit;
- (b) replace any prior oral or written agreements between the Bank and the Borrower concerning this credit; and
- (c) are intended by the Bank and the Borrower as the final, complete and exclusive statement of the terms agreed to by them.

In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail.

10.8 Indemnification. The Borrower will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (a) this Agreement or any document required hereunder, (b) any credit extended or committed by the Bank to the Borrower hereunder, and (c) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit. This indemnity includes but is not limited to attorneys' fees (including the allocated cost of in-house counsel). This indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys, and assigns. This indemnity will survive repayment of the Borrower's obligations to the Bank. All sums due to the Bank hereunder shall be obligations of the Borrower, due and payable immediately without demand.

10.9 Notices. Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing. Notices and other communications sent by (a) first class mail shall be deemed delivered on the earlier of actual receipt or on the fourth business day after deposit in the U.S. mail, postage prepaid, (b) overnight courier shall be deemed delivered on the next business day, and (c) telecopy shall be deemed delivered when transmitted.

10.10 Headings. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

10.11 Counterparts. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

This Agreement is executed as of the date stated at the top of the first page.

BANK OF AMERICA, N.A.

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

By _____
Typed Name: _____
Title: _____

By _____
Typed Name: _____
Title: _____

Address where notices to
the Bank are to be sent:

Address where notices to
the Borrower are to be sent:

Bank of America
CA9-193-13-17
333 South Hope Street, 13th Floor
San Diego, California 90071
Facsimile: 213-621-3606

Attn:
Facsimile:

EXHIBIT "A"

ADVANCE REQUEST

Bank of America, N.A.
Loan Servicing, California
101 South Marengo Ave, 5th floor
Pasadena, CA 91101

Attention: Linda Escamilla
Telephone No.: (626) 666-8456
Facsimile No.: (626) 666-2241
Or Michael Towman
Telephone No.: (626) 666-2238
Facsimile No.: (626) 666-2241

With a copy to:
Paul F. Sutherlen
Telephone No.: (213) 621-7134
Facsimile No.: (213) 621-3606/3607

Re: Credit Agreement dated _____, 2006 between the City of San Diego
and Bank of America, N.A.

Ladies and Gentlemen:

The undersigned, City of San Diego (the "City"), refers to the Credit Agreement, dated as of _____, 2006 (as amended from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), between the undersigned and Bank of America, N.A. ("BofA"), and hereby gives you notice, pursuant to Sections 5.1(b) and 5.2 of the Agreement, that the undersigned hereby desires an Advance under the Credit Agreement as follows:

(i) The date of the Advance is _____, 200_ *[insert a date that is (x) no earlier the third Business Day following the date of this notice if the Advance is to bear interest initially calculated by reference to the LIBOR-based rate or (y) no earlier than the next Business Day following the date of this notice if such Advance is to bear interest initially at the Prime Rate].*

(ii) The principal amount of the Advance that is a portion of the Taxable Commitment is \$ _____ *[insert an amount not less than \$500,000 if the Advance is to bear interest with reference to the LIBOR-based Rate].*

The principal amount of the Advance that is a portion of the Tax-Exempt Commitment is \$ _____ *[insert an amount not less than \$500,000 if the Advance is to bear interest with reference to the LIBOR-based Rate].*

(iii) The Taxable Advance shall initially bear interest calculated by reference to *[insert one of the following rates: Prime Rate or LIBOR-based Rate].*

The Tax-Exempt Advance shall initially bear interest calculated by reference to *[insert one of the following rates: Prime Rate or LIBOR-Based Rate]*.

- (iv) If the Taxable Advance is to bear interest initially calculated by reference to the LIBOR-based Rate, the initial Interest Period is _____ months *[insert one of the following: one month, three months, six months, nine months or twelve months]*.

If the Tax-Exempt Advance is to bear interest initially calculated by reference to the LIBOR-based Rate, the initial Interest Period is _____ months *[insert one of the following: one month, three months, six months, nine months or twelve months]*.

The City hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Advance before and after giving effect to the requested Advance:

(A) Neither the Taxable Commitment nor the Tax-Exempt Commitment has expired or been terminated and the amount of the requested Advance does not exceed the available amount of the applicable Commitment;

(B) All representations and warranties contained in the Agreement and the other related documents are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof or the date of the Advance, as the case may be; and

(C) No Default or Event of Default has occurred and is continuing.

Very truly yours,

CITY OF SAN DIEGO

By: _____

Name: _____

Title: _____